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United Nations Relief and Works Agency for Palestine Refugees in the Near East

Report of the Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

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Summary

The present report of the Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East provides a description of the activities of the Group in 2018 and a detailed outline of the current financial situation of the Agency. The Working Group adopted the report at its meeting on 22 August 2018.[a] As in previous reports of the Group, the present report closes with concluding remarks addressed to all Member States.

[a] The United States of America has dissociated itself from the present report.

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I. Introduction

1. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established under General Assembly resolution 302 (IV), and its mandate was most recently renewed by the Assembly in its resolution 71/91.

2. The Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East was established by the General Assembly under resolution 2656 (XXV) to study all aspects of the financing of the Agency.

3. The Working Group consists of the representatives of France, Ghana, Japan, Lebanon, Norway, Trinidad and Tobago, Turkey, the United Kingdom of Great Britain and Northern Ireland and the United States of America. It is currently chaired by the Permanent Representative of Turkey, Feridun H. Sinirlioğlu.

4. At its twenty-fifth session and all sessions that have followed, the General Assembly has considered the reports submitted to it by the Working Group (in 2017, A/72/326) and adopted resolutions relating to UNRWA and the Working Group, taking note with appreciation of the efforts of the Working Group (the most recent being resolution 72/82).

II. Activities of the Working Group

5. The Working Group began to prepare the present report at its first regular session, on 12 June 2018, which was chaired by the Deputy Permanent Representative of Turkey. The Working Group then met at the expert level at its second, third, fourth, fifth and sixth sessions, on 20, 25 and 31 July and on 9 and 16 August, and adopted the present report on 22 August, in the presence of the Deputy Permanent Representative of Turkey, the Director of the UNRWA Representative Office in New York and the Officer-in-Charge of the Middle East and West Asia Division in the Department of Political Affairs.

III. Financial situation of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

6. The Agency was entrusted by the international community with the responsibility to meet the essential needs of Palestine refugees. Throughout its history, and in the context of the unresolved plight of Palestine refugees, UNRWA has been confronted with persistent shortfalls in funding. Those shortfalls have challenged the Agency's ability to fully implement its mandate to provide assistance and protection to Palestine refugees, who now number more than 5.3 million and account for approximately 25 per cent of refugees worldwide. By 2020, the Palestine refugee population is forecast to reach 6.4 million people. The Agency is a major contributor to the human development of Palestine refugees and a versatile front-line responder in humanitarian emergencies.

7. The Agency is currently facing an unprecedented funding crisis for 2018. It began the year projecting a shortfall of some $146 million on its programme budget. In January, the United States announced a contribution to UNRWA of $60 million, representing a $300 million reduction in its funding from the previous year. As a result, the Agency's projected operational shortfall grew to $446 million, placing at immediate risk the delivery of essential services that the Agency is mandated to provide for millions of Palestine refugees in the Gaza Strip and the West Bank, including East Jerusalem, Jordan, Lebanon and the Syrian Arab Republic.

8. The services at imminent risk include: (a) maintaining the provision of education for 526,000 refugee students in over 700 schools; (b) operating over 140 primary health centres that provide over 37,000 medical consultations every day; (c) providing solid waste removal from 58 refugee camps; (d) carrying out poverty-mitigation and livelihood interventions, including support for 250,000 food-insecure refugees; (e) continuing to run the Agency's technical and vocational training and post-secondary education institutions, in which 9,000 youth are enrolled; and (f) delivering urgent humanitarian assistance, including food aid to some 1.5 million conflict-affected refugees in the Gaza Strip, the West Bank and the Syrian Arab Republic.

9. Steps were taken immediately to manage the crisis, including through an extraordinary meeting of the Advisory Commission of UNRWA on 21 January. To address urgent cash flow needs and ensure continued service delivery, the Agency reached out to its donors requesting advance payment of regular annual contributions; 25 donors transferred their contributions, enabling the temporary continuation of services for Palestine refugees, including schools, clinics and a social safety net for highly vulnerable refugees.

10. In addition to its extraordinary engagement with donors, UNRWA also responded rapidly to the financial crisis with a global fundraising campaign launched in Gaza on 22 January. The campaign, "Dignity is priceless", sought to tap into individual giving and private sector philanthropy, support from civil society and communities of faith, and financing from humanitarian and development foundations.

11. While donor support has remained paramount to closing the Agency's income gap, internal actions were taken to reduce it. Management stripped $92 million from core and emergency budgets for 2018, a step it described as difficult but necessary. It also froze spending in a range of categories, other than for life-critical functions; suspended hiring Agency-wide, with the exception of posts essential for service delivery; and slashed travel and training budgets. Rigid budgetary controls and robust oversight by an executive budget committee enabled real-time tracking of the Agency's finances and rapid adjustments as needed.

12. By March a rupture in core and emergency operations was again imminent. A turning point in the global response was the ministerial conference held in Rome on 15 March, Preserving Dignity and Sharing Responsibility — Mobilizing Collective Action for UNRWA. Some $100 million was pledged, almost all of it additional money, including from the Central Emergency Response Fund, which announced an immediate cash transfer of $15 million that encouraged other partners to commit further support to UNRWA. An additional $15 million was approved by the secretariat of the Fund in April. Half of the amount raised at the conference in Rome was pledged by Qatar, representing an exponential increase over its previous annual contributions to UNRWA. In addition, Canada, France, India, Norway, Switzerland and Turkey pledged significant increases, alongside other donors. Following the conference in Rome, a further $100 million was raised, with Saudi Arabia and the United Arab Emirates each pledging $50 million for the UNRWA core budget — a major increase over previous years and a substantial diversification of their financial assistance, which had focused on emergency response and infrastructure projects. Japan also pledged significant additional resources. The Secretary-General has played an important role in mobilizing stakeholders to address the Agency's financial shortfall.

13. By August, eight months after UNRWA declared a severe financial crisis, some $238 million in additional resources had been mobilized, reflecting the strong collective response of the Agency's partners, which enabled UNRWA to keep its education and health systems running without breaks in service for the first half of 2018 and to continue the provision of relief and social services to the most vulnerable

refugees in and around 58 refugee camps in the region. Some activities, however, have been affected, including solid waste removal in refugee camps.

14. While collective stakeholder efforts were focused on the Agency's crisis in 2018, UNRWA also moved forward with the recommendations made by the Secretary-General in his report of 30 March 2017 (A/71/849), in which he encouraged pursuing a number of other avenues to secure predictable, sustained and sufficient funding for UNRWA over the long term. In the report, "the indispensable role that UNRWA plays and its essential function on account of its impact in the context of the unresolved Arab-Israeli conflict" as well as the Agency's role in the "mitigation of extremism, its stabilizing influence and its contribution to peace and security in the Middle East region" were underlined. The Secretary-General made clear in his report that a solution to continued financial insecurity would require progress in a combination of areas. In parallel, the Secretary-General asked the Commissioner-General to continue to prudently manage the resources made available to the Agency for the benefit of the Palestine refugees. In June 2018, UNRWA reported that progress had been made in engaging financial institutions and multilateral funds and developing concrete initiatives that were aimed at strengthening the Agency's financial footing in the longer term. UNRWA continues to work closely with the World Bank Group and key donors on developing a sustainable partnership through a multi-donor trust fund, which would facilitate access to funds that are not contributed directly to UNRWA. Following close engagement since 2017 between UNRWA and the Organization of Islamic Cooperation, as well as with the Islamic Development Bank, at the Islamic Summit Conference, held in Istanbul, Turkey, in May, Heads of State and Government announced their decision to establish a waqf to support Palestine refugees through UNRWA.

15. On 25 June, the annual pledging conference was held in New York. It was a very positive event that sustained the momentum in addressing the remaining shortfall of approximately $246 million, which could have a critical effect on the vital UNRWA services to Palestine refugees. Member States expressed strong political support for UNRWA, its mandate, its staff and its critical services to Palestine refugees. The Conference saw additional pledges to UNRWA as part of an international effort to address the Agency's funding shortfall and to sustain its vital services. By August the shortfall stood at $217 million and the lack of adequate funding had forced UNRWA to begin reducing services.

16. Amid serious financial challenges, the Agency continues to implement its medium-term strategy for the period 2016–2021 in consultation with host States and key donors. The strategy fosters greater cost efficiency, while delivering high-quality core services to Palestine refugees.

17. The Agency's reforms, including those rolled out in the context of the current medium-term strategy, underscore the commitment of its leadership to transparency and accountability, in line with the principles of the Grand Bargain on humanitarian financing announced at the World Humanitarian Summit, held in Istanbul in May 2016. At the meeting of the Advisory Commission on 18 and 19 June 2018, the Commissioner-General reported that reforms and related measures since 2015 had resulted in savings of $197 million, at a time when needs had been significant and growing. UNRWA has significantly tightened financial controls and budgetary oversight, and the Agency reports an improvement in cost containment and in minimizing budget growth despite inflationary pressures and the drastic increase in demand.

18. Recurrent funding shortfalls are a serious concern to the Agency's donors and hosts, with stakeholders expressing concern that they may fuel regional instability and undermine the trust of Palestine refugees in the Agency. Its financial fragility is

exacerbating concerns among refugees about the ability of the international community to address their most basic needs. Their hopes for peace, safety and a meaningful future have been jeopardized by conflicts and grinding poverty.

19. Recurring shortfalls and financial instability underscore the necessity of continuing the Agency's programme and management reforms, broadening the donor base and increasing support from Member States to place UNRWA on a stable financial footing. The Working Group notes with concern that, as at August 2018, the Agency's financial shortfall on its programme budget stood at $123 million, representing more than 16.5 per cent of its cash budget for 2018 of $747 million, or equivalent to approximately two months of operational costs.

20. Contributions to the Agency's emergency appeals are low, in particular with respect to the emergency appeal for the Occupied Palestinian Territory in 2018, which was funded at 22 per cent as at August 2018. Financial support for the Agency's major reconstruction projects in Nahr el-Bared and in the Gaza Strip has been slow to arrive.

21. The Agency's work on behalf of Palestine refugees also contributes directly to the broader global effort to achieve the Sustainable Development Goals by 2030. With over half a million students enrolled, full gender balance in the Agency's 711 schools and one of the highest literacy rates in the Middle East, it is essential that Palestine refugee schoolchildren have continuous, uninterrupted access to an inclusive and equitable quality education, in accordance with Goal 4.

22. Since it began its operations in 1950, UNRWA has been serving Palestine refugees in Gaza and the West Bank, Jordan, Lebanon and the Syrian Arab Republic, with the steady facilitation and generous support of host Governments and donors. Currently, its more than 30,000 staff members provide vital human development services and emergency assistance to Palestine refugees registered with the Agency. Palestine refugees have remained among the most vulnerable in their communities and their situation has been worsened as a result of repeated conflicts in the region, most recently in the Syrian Arab Republic since 2011 and in Gaza in 2008–2009, 2012, 2014 and 2018.

23. Since the beginning of the conflict in the Syrian Arab Republic, 18 UNRWA staff have been killed as a result of hostilities or in circumstances related to the conflict. A further 26 personnel have been detained, are presumed detained or have gone missing. Those tragic losses are included with the large number of Palestine refugees killed or wounded during the repeated conflicts in the region. Threats and attacks against UNRWA personnel remain a major concern.

24. The Working Group acknowledges that, in a turbulent region such as the Middle East and in the context of the recent mass movements of refugees within and outside the region, UNRWA continues to play a key stabilizing role for the Palestine refugee community and the region. Access to its services, including educational services, influences the decisions of Palestine refugees to remain in situ instead of risking their lives attempting to reach Europe and elsewhere. It is important to note that the cost of supporting a Palestine refugee through UNRWA is significantly lower than the cost of supporting a refugee in Europe.

25. In Gaza, the living conditions of some 1.3 million registered Palestine refugees have deteriorated owing to the impact of repeated conflicts and the downward economic spiral experienced since 2000. The closure of Gaza, now entering its twelfth year, has had a ruinous effect on the economy. Unemployment rates are as high as 60 per cent for young people, contributing to the extreme dependence of an estimated 80 per cent of the population on international assistance. Subject to the availability of funds, UNRWA is expected to continue to provide food assistance to 1 million Palestine refugees in 2018, more than half of the total population of Gaza. The water

and energy crisis in Gaza is becoming increasingly acute. Recurrent conflict and chronic underinvestment in infrastructure mean that 95 per cent of the groundwater in Gaza is contaminated, while approvals for the entry of materials required to construct and sustain the operation of essential water, sanitation and hygiene services are increasingly hard to obtain. Gaza experiences power outages of 18 to 20 hours a day, which severely affect basic services; and most of the population has access to piped water for only 3 to 5 hours every five days. Closures and access restrictions continue to seriously limit the movement of people, goods and services into Gaza. Israeli closures also increase the financial costs of UNRWA providing effective humanitarian aid to refugees. The Working Group is concerned about the Agency's extra staffing, transit and logistical costs resulting from the Israeli closures and security procedures relating to the access and monitoring of all Agency imports into Gaza. The Working Group stresses that progress is needed to address the overall economic and humanitarian situation in Gaza and underscores the importance of the full implementation of Security Council resolutions 1850 (2008) and 1860 (2009).

26. The Israeli occupation continues to constrain life for the Palestine refugee community, currently numbering some 800,000 persons registered with the Agency's field of operations in the West Bank. Since October 2015, a considerable increase in violence has been witnessed in the West Bank, including clashes around refugee camps and killings of Palestine refugees, Israeli civilians and Israeli security forces. Demolitions, the displacement of families and settler violence, especially in Area C, have severely affected Palestine refugees. In 2017, 406 demolitions of Palestinian-owned structures without building permits were carried out by the Israeli authorities, displacing 615 people, including 262 Palestine refugees. From the beginning of 2018 to 19 June 2018, the Israeli authorities demolished 165 Palestinian structures for lack of Israeli building permits. This has displaced at least 128 Palestinian men, women and children, including Bedouins. Settlement expansion plans, including for areas of East Jerusalem, have caused great concern for the Palestine refugee community. Israel continued to advance plans for the transfer of some 50 Bedouin communities, populated by a Palestine refugee majority. Movement restrictions imposed by the Government of Israel have had a debilitating effect on the economy of the West Bank. In 2018, the total amount of value added tax due to the Agency from the Palestinian Authority Ministry of Finance with respect to services and goods procured for the West Bank and Gaza stood at $100.9 million (unaudited as at 31 August 2018), slightly higher than the previous year's amount of $100.7 million.

27. In the Syrian Arab Republic, the conflict continues to take an extraordinary toll on Palestine refugees, with up to 58 per cent of the estimated 438,000 remaining in that country having been displaced at least once, as at January 2018. While several efforts were supported by the international community to end the violence, notably through United Nations-led peace negotiations in early 2017, they have not yet proved successful. As in previous years, the conflict has been characterized by violations of international humanitarian law and the use of indiscriminate violence. As at January 2018, approximately 49,512 Palestine refugees from the Syrian Arab Republic had fled to Lebanon and Jordan, while others had sought to flee to Europe, often with disastrous consequences. Overall, 95 per cent of Palestine refugees in the Syrian Arab Republic are reliant on UNRWA for assistance. Access to the approximately 49,700 Palestine refugees located in hard-to-reach and besieged areas, including Yalda, Muzayrib and Jallayn, remains a very significant challenge.

28. *The wider destabilization of the region, resulting from the conflict in the* Syrian Arab Republic, continues to pose major socioeconomic and security concerns for Jordan and Lebanon, which host large numbers of refugees from the Syrian Arab Republic, in addition to existing resident populations of Palestine refugees.

29. In Lebanon, where, according to UNRWA data, more than 465,000 Palestine refugees are currently registered (excluding those who arrive from the Syrian Arab Republic), living conditions have been exceptionally difficult since 1948. The refugees continue to be barred from participating in 39 professions and face a number of other restrictions, such as a prohibition on owning fixed property. Access to government services is restricted. The influx of Palestine refugees from the Syrian Arab Republic has aggravated the dependency situation of the community already suffering from widespread poverty. In this context, the Agency's services are seen as a lifeline for the refugees. Lebanon is hosting multiple large refugee populations, causing enormous strains on government resources, infrastructure and social cohesion.

30. In Jordan, which is host to more than 2.3 million Palestine refugees, living standards are relatively favourable, despite the fact that many continue to face hardship and increasing poverty. The rising number of refugees from the Syrian Arab Republic, including some Palestine refugees from that country, creates difficulties for both the host Government and those seeking assistance. Jordan is hosting multiple large refugee populations, which is causing enormous strains on government resources, infrastructure and social cohesion.

31. Member States contribute to UNRWA through three separate portals, namely the programme budget, emergency appeals and the project budget.

32. The core operations of UNRWA are encapsulated in its programme budget, which finances its mandated programme of work, principally in the areas of education, health care and relief and social services. The programme budget is the foundation for all activities and programmes.

33. Emergency appeals are special calls on the international community to finance humanitarian needs that have arisen owing to conflicts or situations that have generated sharp declines in the living conditions of Palestine refugees. In early 2018, UNRWA issued two emergency appeals, for the Occupied Palestinian Territory and the Syrian Arab Republic. The latter includes emergency activities in Jordan and Lebanon for those who have fled the conflict in the Syrian Arab Republic.

34. The Agency's project budget includes all other time-bound activities in support of Palestine refugees. Examples include the purchase of medical equipment, the institutional strengthening of UNRWA and the reconstruction of school buildings. One of the priority projects of UNRWA and the Government of Lebanon is the reconstruction of the Nahr el-Bared camp in Lebanon, which was destroyed in 2007, for which UNRWA still requires $90 million as at August 2018. Another priority for UNRWA is the Gaza Reconstruction Plan of 2014, estimated at a cost of $720 million, for which $316 million has been pledged thus far.

35. With the exception of 155 international staff positions funded through the regular budget of the United Nations and 3 positions financed by partner United Nations entities, the Agency's programme budget is financed entirely by voluntary donor contributions. UNRWA projects that the demand for services will continue to grow throughout the medium term, in tandem with a growing Palestine refugee population whose needs are increasing as a result of conflict, social and economic crises and high rates of unemployment and poverty.

36. Further compounding the problem is a lack of working capital. While UNRWA had an average cash balance of about $80 million in 2010, it has had virtually no working capital since 2012. UNRWA has also temporarily suspended creditor payments at various times as a result of a shortage of cash, thereby reducing supplier confidence and exposing the Agency to increased legal and financial risks.

37. At the end of December 2017, the Agency's programme budget cash balance was $10.1 million, with a monthly cash outflow of $56.6 million, comprising $42.4 million in staff costs and $14.2 million in non-staff costs. The table below shows the evolution of the Agency's working capital.

Evolution of working capital between 2010 and 2017

(Millions of United States dollars)

Year	*Total cash inflow*	*Staff costs*	*Non-staff costs*	*Total outflow*	*Cash balance, including advance*	*Advance*
2010	571.5	410.5	99.1	509.6	79.5	28.0
2011	535.5	454.9	119.8	574.7	32.9	17.0
2012	581.4	478.6	124.1	602.7	6.4	16.0
2013	631.2	496.5	118.8	615.3	1.9	6.5
2014	659.7	519.0	138.2	657.2	2.5	8.0
2015	669.0	506.8	160.3	667.1	1.8	41.4
2016	660.0	488.4	164.6	653.0	7.0	3.6
2017	655.8	508.7	170.7	679.4	10.1	6.7

38. Locally recruited staff receive salaries that are considerably lower than those of national staff employed by other United Nations entities because, consistent with the Agency's pay policy, locally recruited fixed-term staff are paid against host government wages in equivalent functions. The Agency's allowances are also lower than those in other United Nations entities.

39. The Agency expressed its concern to the Working Group regarding unfunded severance payments to staff, which had been audited in the amount of $768.6 million as at 31 December 2017 (an increase of $65.4 million compared with $693.7 million for the previous year), given current costs and UNRWA staff regulations and rules.

40. The primary responsibility to protect human rights lies with States. UNRWA works to safeguard and advance the rights of Palestine refugees under international law. The Agency contributes to the promotion of the human rights of Palestine refugees, both internally, by respecting human rights in its service delivery, and externally, by promoting greater respect for international law, including international human rights law. In accordance with its mandate from the General Assembly, the Agency places a particular emphasis on women, children and persons with disabilities, as well other vulnerable groups. In 2017, the Agency identified 5,084 individuals experiencing a general protection risk, 4,958 survivors of gender-based violence and 2,540 children experiencing a protection risk. UNRWA provided direct and indirect services to respond to these identified protection cases and took steps to provide further protection within its core programmes, as well as advocating greater respect for the rights of Palestine refugees.

41. The Agency provides free elementary and preparatory education lasting nine years in four fields of operations. In Jordan and in some schools in Jerusalem, 10 years of education is provided, and secondary schooling is provided in Lebanon. Education was provided to approximately 526,000 Palestine refugee children through 711 schools in the 2017/18 school year. Owing largely to demographic factors in Gaza, enrolment is increasing by approximately 10,000 pupils each year.

42. Independent assessments continually rank the UNRWA education programme high in terms of quality and efficiency relative to national school systems. UNRWA has achieved gender equality in terms of student enrolment in its schools.

43. The Agency's education system uses the host country curricula, which ensures that UNRWA students can continue their education at government secondary schools and universities and sit for unified national examinations. UNRWA reviews all issued textbooks across its five fields of operations against the curriculum framework as standard practice, and enriches the teaching of the host country curricula in each of its fields of operations to ensure that the education provided in its schools reflects the values and principles of the United Nations.

44. In the Syrian Arab Republic, UNRWA has been a pioneer in delivering education in emergency settings to provide access to quality education for Palestine refugees living in conflict situations. This has allowed UNRWA students in the Syrian Arab Republic to: (a) receive psychological support; (b) benefit from measures to improve their safety and security while accessing educational services; (c) utilize alternative means of education; and (d) continue to access quality inclusive education.

45. UNRWA provides quality and universally accessible primary health care to Palestine refugees. Annually, UNRWA undertakes more than 9 million medical visits in its 143 primary care clinics, which employ more than 3,300 health staff. Owing to the increasing lifespans of Palestine refugees, communicable diseases and maternal and child health care are no longer the biggest health challenges; increasing attention is being paid to non-communicable diseases such as diabetes and cardiovascular diseases, which are the leading cause of death among Palestine refugees and are more difficult and costly to manage and treat.

46. Health, education, and employment are essential elements of the livelihoods of Palestine refugees. UNRWA supports employment through career guidance counselling, labour-market studies and awareness programmes that promote technical and vocational education and training. The Agency operates eight vocational training centres in its five fields of operations, whose graduates enjoy high rates of employment. Between 2014 and 2017, some 15,000 students graduated from the vocational training centres, which contribute to mitigating poverty within the Palestine refugee community. Reduced employment opportunities have been a major factor contributing to increased poverty and loss of dignity for Palestine refugees. Without adequate funding, the Agency will see an increase in poverty and the number of unserved poor.

47. UNRWA offers microfinance services through two different channels: the microfinance programme and the microcredit community support programme. Efforts under those initiatives seek to ensure that Palestine refugees, including women and those in abject poverty, have access to microcredit and complementary financial services. They offer many Palestine refugees access to capital and an opportunity for self-sufficiency.

48. The Agency's social safety net programme supports and assists Palestine refugees through the provision of basic food baskets, cash transfers and/or e-vouchers with the aim of contributing to poverty mitigation for refugees across the Agency's fields of operations. The programme employs a poverty-based system to target and prioritize the refugees living in abject poverty and currently maintains a caseload of nearly 255,000 eligible Palestine refugees in Lebanon, Jordan, Gaza and the West Bank.

49. In 2017, UNRWA presented a zero-growth programme budget. In 2018, UNRWA presented a programme budget of $747 million for minimum operating requirements. The forecast shortfall against this budget was $146 million, of which $97 million was high-risk donor income and $49 million was liabilities carried forward from 2017.

50. The reform undertaken by the Agency has featured the following: (a) through the reform of the primary health-care programme, including the introduction of a family health team approach, e-health, appointment systems and the delegation of greater authorities to nurses and pharmacists, UNRWA has, without additional investment, reduced the number of doctor-patient visits per day, thereby increasing doctor-patient consultation time and reducing antibiotic prescription rates; (b) through the reform of medicine procurement, UNRWA has secured significant reductions in expenditure; (c) through the reform of its hospitalization programme in Lebanon, UNRWA has been able to protect access for the most vulnerable refugees while keeping the level of expenditure flat; (d) through a combination of systemic education reforms and the application of norms and standards on class formation, UNRWA has been able to accommodate larger numbers of pupils in classes in schools while still achieving, so far, strong education results; and (e) through reforms to its social safety net programme in 2016, UNRWA has been able to transition from the provision of food to the provision of electronic payment cards that can be used at designated grocery stores to poor Palestine refugees in Lebanon, Jordan and the West Bank, thereby providing a more dignified and effective form of assistance to those enrolled in the programme.

51. In tandem with those measures, the Agency has put in place rigorous financial and budgetary controls, with management tools such as hedging. Interest on short-term bank deposits generated a $2 million income gain above the budgeted income in 2017 and presents a prudent approach to financial management, including risk management.

52. Since the outbreak of the second intifada in 2000, UNRWA has provided emergency assistance to Gaza and the West Bank, funded through the emergency appeal for the Occupied Palestinian Territory. In the Syrian Arab Republic, Lebanon and Jordan, UNRWA has provided emergency assistance since June 2012 as part of the Humanitarian Response Plan, funded through the emergency appeal for the Syrian Arab Republic.

53. For 2018, $399 million is required to cover the cost of interventions for the emergency appeal for the Occupied Palestinian Territory and $409 million for the emergency appeal for the Syrian Arab Republic. Shelter ($145 million), food assistance ($119 million) and emergency cash-for-work ($84 million) make up the largest needs in Gaza and the West Bank, whereas cash assistance ($244 million) makes up nearly 55 per cent of the budget for Palestine refugees under the Syrian appeal.

54. While the generosity of donors must be recognized, UNRWA was only able to meet less than half of the identified emergency needs in 2017. As at August 2018, the appeal for the Occupied Palestinian Territory was facing a shortfall of $324 million (with some $74.2 million pledged, or approximately 18.6 per cent of the requested amount) and the appeal for the Syrian Arab Republic was similarly facing a significant shortfall of $308 million (or 24.5 per cent funded). The lack of funding has led UNRWA to scale back the amount and frequency of cash assistance distributed to Palestine refugees in the Syrian Arab Republic, as well as housing assistance for Palestine refugees from that country who have been displaced to Lebanon and Jordan. The required total for cash assistance for the Syrian emergency appeal amounts to $224 million, of which only $34.5 million has been pledged.

55. Since 2001, UNRWA has witnessed a continuing increase in the need for emergency aid to Palestine refugees in the Occupied Palestinian Territory. Repeated cycles of conflict in Gaza and a deteriorating situation in the West Bank have contributed to an increase in the needs of Palestine refugees. In 2017, Palestine refugees across the Occupied Palestinian Territory continued to face Israeli

occupation, the expansion of settlements, repeated human rights abuses and recurring escalations of violence and hostilities. In Gaza, Palestine refugees are facing a socioeconomic crisis that sees them in a worsening state of de-development. Gaza remains under blockade with severe restrictions on the free movement of people and goods. Movement restrictions make it difficult for Palestinians to access urgent medical treatment outside the Gaza Strip.

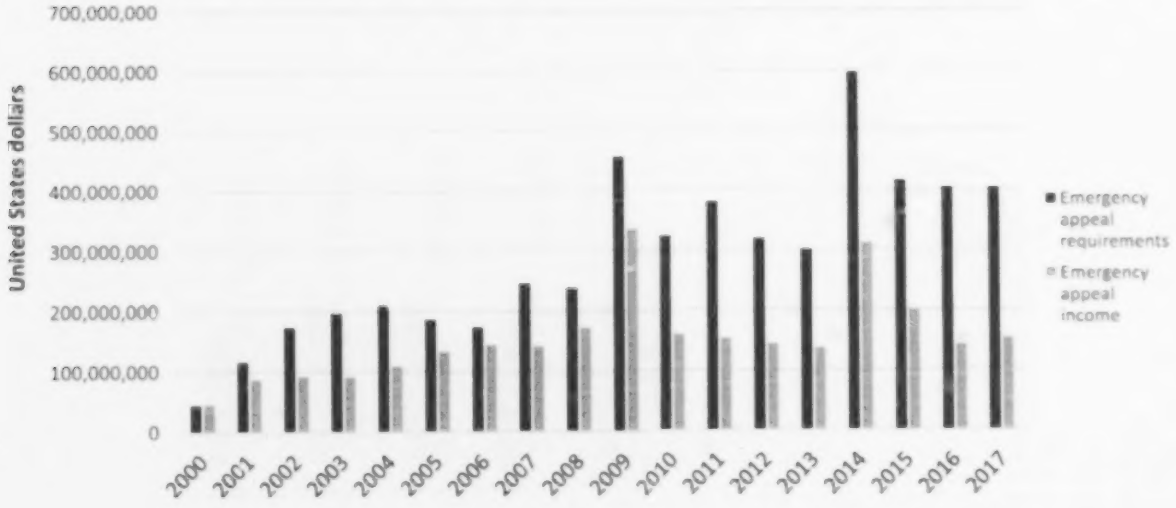
56. Ongoing restrictions by the Government of Israel on movement within and access to the West Bank by Palestinians, including those in East Jerusalem, continue, together with the demolition of Palestinian structures, with significant repercussions on Palestinian economic development. Many Palestinians in the West Bank, including Palestine refugees, remain at risk of displacement and dispossession and contend with high levels of insecurity due to the Israeli occupation. More than 15 per cent of Palestine refugees in the West Bank are food-insecure, and more than 125,000 are in need of assistance to meet basic food needs.

57. In Gaza, UNRWA has three emergency priorities: (a) the provision of support to food-insecure households; (b) the protection of Palestine refugees from the effects of conflict and violence; and (c) the effective management and coordination of emergency responses. In the West Bank, UNRWA has three emergency priorities: (a) an increase in access to food for food-insecure refugees; (b) enjoyment by crisis-affected refugees of their basic rights to services; and (c) the protection of Palestine refugees from the effects of the conflict and violence through access to services and advocacy. Figure I illustrates contributions to the emergency fund since its creation in 2000. With the exception of 2000, the appeal has been significantly underfunded.

Figure I

Funding for the emergency appeal for the Occupied Palestinian Territory, 2000–2017

(United States dollars)



58. As at January 2018, the emergency appeal for the Syrian Arab Republic funded essential services for the approximately 438,000 Palestine refugees who remained in that country, as well as 49,512 Palestine refugees who had fled to Jordan and Lebanon. The intervention has three major strategic priorities, namely: (a) preserving the resilience of vulnerable families through the provision of humanitarian assistance;

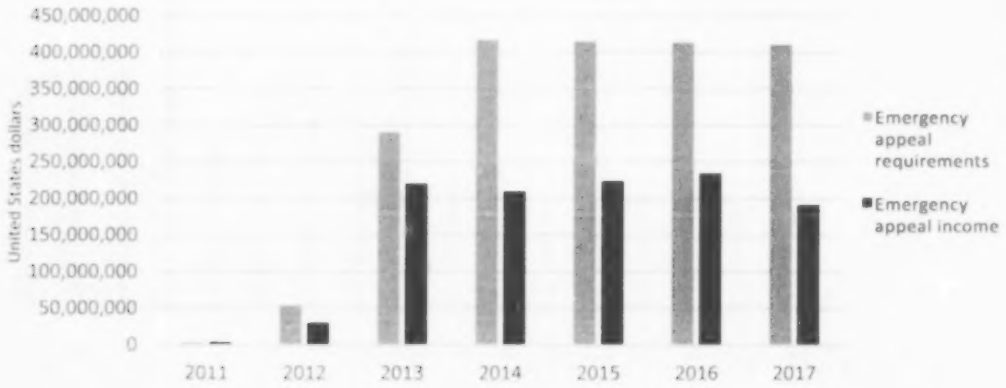
(b) providing a protective framework for Palestine refugees and helping to mitigate their vulnerability; and (c) strengthening humanitarian capacity, coordination and management.

59. Between January 2012 and June 2017, there were approximately 50 security-related incidents in which UNRWA schools were physically affected by shells, mortars or barrel-bombs; vehicle-borne improvised explosive devices; stray bullets; and unexploded ordnances. Palestine refugee children continue to face tremendous challenges to fully access primary education in the Syrian Arab Republic. Children have missed out on years of education owing to prolonged displacement and security issues. Most children suffer from psychosocial trauma, as a result of prolonged exposure to violence and hardship, resulting in significant learning challenges.

60. UNRWA continues to provide a range of life-saving and life-sustaining assistance and services to up to 438,000 vulnerable Palestine refugees. As at June 2018, the field of operations in the Syrian Arab Republic had completed one round of cash assistance reaching 405,193 individuals and one round of food assistance, reaching 395,499 individuals. Cash and food assistance remain the priority humanitarian interventions. Since 2015, UNRWA has not been able to roll out all planned rounds of cash and food assistance owing to funding shortages.

61. The funding for the Agency's emergency assistance in the Syrian Arab Republic is critical for the estimated 438,000 refugees remaining in the country. In 2018, 95 per cent of the Palestine refugees in the Syrian Arab Republic are in need of sustained humanitarian assistance. Unfortunately, a funding shortfall and donor fatigue have endangered some of the Agency's most important emergency programmes. Figure II shows funding requirements and pledged contributions for the Syrian emergency appeal. The appeal has been regularly underfunded and UNRWA has repeatedly called upon the international community to meet the humanitarian needs set out in the Syrian emergency appeal.

Figure II
Funding for the emergency appeal for the Syrian Arab Republic, 2011–2017
(United States dollars)



62. The Working Group recognizes that projects are an integral aspect of the work of UNRWA. The project budget seeks to provide the technical assistance and infrastructure requirements necessary for the overall operations of UNRWA.

63. The principal aim of the project budget is to upgrade the capacities and infrastructure of the Agency. Its priorities include the expansion and upgrading of education and health infrastructure, methods to maximize economic potential and employment opportunities, developments to camp infrastructure, enhancements to system management, adherence to host authorities' standards and the provision of necessary support for vulnerable groups.

64. The funding allocated for the project budget in 2017 was $379 million. As for the 2018 project budget, of the total requirements of $351 million, $59 million had been pledged by donors as at August 2018.

65. The Nahr el-Bared camp was destroyed in the fighting in Lebanon during 2007 and left 27,000 people displaced. The total amount needed to complete the reconstruction of the camp is $90 million. To date, some 10,000 people remain displaced. A failure to complete this project, one of the Agency's largest to date, would compromise the stability of northern Lebanon and beyond.

66. Beginning in 2013, as a result of the anticipated shortfalls in available funding, UNRWA implemented a series of measures to reduce the costs associated with relief assistance at the Nahr el-Bared camp. The Nahr el-Bared relief services budget was reduced from $18.8 million in 2010 to $5.3 million in 2015, with no funding secured from donors from 2016 onwards for relief services.

67. UNRWA continues to be concerned about the humanitarian needs of the remaining displaced residents of Nahr el-Bared. In particular, nearly 300 Palestine refugee families displaced from the camp reside in deplorable environmental health conditions and temporary shelters located in the areas adjacent to the camp. Additional support is required to ensure that these families can live in dignity until the reconstruction of the camp is completed.

68. Following the intense conflict of 2014 in Gaza and previous cycles of violence, UNRWA contributed to the rebuilding of destroyed homes, livelihoods and infrastructure in an effort to provide protection and services for the Palestine refugees affected by the violence. All 118 UNRWA installations that were damaged during the conflict in 2014, including 83 schools and 10 health centres, have been fully repaired. Progress has been made on residential reconstruction and the repair of damaged or destroyed Palestine refugee homes over the past four years; however, the pace has been affected by constraints on the importing of construction materials. By mid-2018, UNRWA was supporting more than 88,000 refugee families towards the repair or reconstruction of their homes. This has significantly reduced displacement; however, hundreds of families still remain displaced.

69. As at July 2018, $316 million (of the overall $720 million requested to implement the Gaza Reconstruction Plan of 2014) had been pledged in support of the Agency's reconstruction programme. The Agency, along with other actors involved in the reconstruction of Gaza, notably the Ministry of Public Works and Housing, still requires approximately $135 million in order to conclude the outstanding reconstruction and repair cases. The Working Group regrets that much of the $3.5 billion pledged at the conference in Cairo in October 2014 has not been disbursed by donors. The Gaza Reconstruction Mechanism continues to be the private sector's sole mechanism for the entry of construction materials into Gaza.

IV. Conclusions and recommendations

70. The Working Group wishes to thank all Member States, donors and hosts who have been supporting the work of UNRWA since its establishment and who have contributed to the well-being of Palestine refugees. The Working Group thanks

especially the Governments that have traditionally shown generosity towards Palestine refugees and UNRWA, including major donors and partners from the Cooperation Council for the Arab States of the Gulf.

71. The Working Group reiterates that the humanitarian problems faced by Palestine refugees today must be addressed as a shared international responsibility pending a just and durable solution of the Palestine refugee question, in accordance with international law, including the relevant resolutions of the United Nations.

72. The Working Group expresses its serious concern about the large funding gap affecting the Agency's programme budget in 2018, and without prejudice to General Assembly resolution 302 (IV) and subsequent resolutions renewing the mandate of UNRWA, reiterates that it is, above all, the responsibility of Member States and the wider international community to ensure that the Agency's services are maintained at an acceptable level; that the Agency can fulfil its mandate, in quantitative and qualitative terms; and that funding keeps pace with the requirements of the Agency to meet the growing needs of the refugee population. The Working Group is concerned about the possible destabilizing impact that the lack of funding for UNRWA may have on the region, at a time when the Middle East is already facing crises of various intensities.

73. The Working Group welcomes the Agency's continued and far-reaching reforms, as described in the present report, but acknowledges that the current reforms in themselves will not be sufficient to solve the problems relating to the Agency's deficit and encourages the Agency to make further efforts to continue its reform initiatives.

74. The Working Group expresses serious concern about the situation of Palestine refugees in the Syrian Arab Republic. The Working Group calls upon all parties to the conflict to ensure the sustained, regular and continuous provision of humanitarian supplies, notably food and medicine, to all besieged and hard-to-reach areas. It also appeals to all parties to the conflict to preserve the neutrality of the Palestine refugee community in the country. It condemns all forms of violence against that vulnerable community and encourages the international community to fund, to the greatest extent possible, the requirements laid out in the emergency appeal to support the Palestine refugees in the Syrian Arab Republic and those who have fled from that country to Lebanon and Jordan.

75. Similarly, the Working Group is extremely concerned about the suffering of Palestine refugees living in the Occupied Palestinian Territory, where continued tight restrictions on the movement of UNRWA staff and humanitarian goods, a general decline in socioeconomic conditions and repeated conflicts have heightened the distress of the community. It calls upon the Government of Israel to grant the Agency free and unfettered access to the territories. The Working Group calls for the lifting of the restrictions imposed on Gaza and the easing of access restrictions. The Working Group supports the further opening of Gaza crossings to allow for an unimpeded flow of humanitarian aid, commercial goods and persons to and from Gaza, in line with Security Council resolutions 1850 (2008) and 1860 (2009). It urges all potential donors, whether traditional or non-traditional, to redouble their efforts to fully respond to the Agency's emergency appeal for the Occupied Palestinian Territory for 2018.

76. The Working Group commends the Commissioner-General and all of the Agency's staff for their tireless efforts to maintain the regular and emergency services of the Agency under very difficult operational circumstances. The Working Group deplores the deaths of 30 UNRWA staff due to conflict-related violence since 2011 and expresses its concern for the 26 missing, detained or kidnapped UNRWA employees in the Syrian Arab Republic.

77. The Working Group calls upon all donors, including countries in the Middle East, to lend their full support to the reconstruction of the Nahr el-Bared camp in Lebanon and the reconstruction needs in Gaza that emerged following the Gaza conflict of 2014. It stresses that a failure to support those projects could have serious consequences for the security of Palestine refugees and the stability of the region.

78. Consistent with the report of the Secretary-General of 30 March 2017 (A/71/849) and taking the aforementioned into consideration, the Working Group:

(a) Urges all Governments to increase and sustain over several years their voluntary contributions to the Agency, where possible, and to contribute to the Agency's three funding portals, as described in the present report, while taking into account the primary importance of fully funding its programme budget first and foremost. The swift disbursement of announced contributions, including the pledges made at the ministerial conference held in Rome on 15 March and at the annual pledging conference held in New York on 25 June, is highly encouraged. Government contributions should keep pace with the requirements of the Agency to meet the growing needs of the Palestine refugee population and take into account the effects of inflation and other factors driving the costs of providing services. Contributions should also reflect appropriate international burden-sharing;

(b) Commends UNRWA for the measures it has taken to increase its efficiency while maintaining the quality of services to Palestine refugees and it encourages the continued implementation of those measures;

(c) Takes note of the recommendations contained in the report of the Secretary-General of 30 March 2017 (A/71/849) and all resolutions relating to the financing of UNRWA, with a view to addressing recurring budget deficits and sufficiently and predictably supporting the Agency's vital work.

Annex I

Pledges to the Agency's programmes in 2018 (cash and in kind) as at 30 June 2018

(United States dollar equivalent)

		Non-programme budget				
Donor	*Programme budget*	*Emergency appeal for the Occupied Palestinian Territory*	*Emergency appeal for the Syrian Arab Republic*	*Major repair and reconstruction in Gaza*	*Projects*	*Total*
Australia	6 848 674	1 130 369	0	0	23 556	8 002 599
Austria	471 698	0	0	0	0	471 698
Belgium	13 143 300	0	0	0	0	13 143 300
Bulgaria	82 547	0	0	0	0	82 547
Canada	0	7 745 933	0	0	0	7 745 933
Chile	12 500	0	0	0	0	12 500
Cyprus	120 000	0	0	0	0	120 000
Denmark	11 209 415	0	3 165 559	0	0	14 374 974
Estonia	339 829	0	0	0	0	339 829
Finland	5 376 344	0	0	0	0	5 376 344
France	10 381 287	617 284	617 284	0	782 928	12 398 783
Germany	4 838 710	4 270 080	8 363 202	0	591 275	18 063 266
Iceland	248 410	0	0	0	0	248 410
India	5 000 000	0	0	0	0	5 000 000
Indonesia	200 000	0	0	0	0	200 000
Ireland	5 246 914	294 811	1 851 852	0	0	7 393 577
Italy	8 343 558	0	0	0	766 509	9 110 068
Japan	22 296 156	0	8 000 000	0	4 892 663	35 188 819
Kazakhstan	50 000	0	0	0	0	50 000
Kuwait	2 900 000	0	5 000 000	0	0	7 900 000
Lebanon	91 208	0	0	0	0	91 208
Liechtenstein	214 362	0	0	0	0	214 362
Lithuania	24 540	0	0	0	0	24 540
Luxembourg	4 601 227	0	0	0	0	4 601 227
Malta	126 863	0	0	0	0	126 863
Mexico	500 000	0	0	0	0	500 000
Netherlands	15 531 661	0	0	0	0	15 531 661
New Zealand	731 900	500 000	500 000	0	0	1 731 900
Norway	15 144 173	0	13 411 675	0	0	28 555 847
Oman	0	0	0	0	667 782	667 782
Philippines	10 000	0	0	0	0	10 000
Poland	583 243	0	0	0	0	583 243
Portugal	81 728	0	0	0	0	81 728
Qatar	51 000 000	499 779	0	0	0	51 499 779
Russian Federation	2 000 000	0	0	0	0	2 000 000

Donor	*Programme budget*	*Non-programme budget*				
		Emergency appeal for the Occupied Palestinian Territory	*Emergency appeal for the Syrian Arab Republic*	*Major repair and reconstruction in Gaza*	*Projects*	*Total*
Saudi Arabia	50 000 000	0	0	10 000 000	36 891 896	96 891 896
Slovakia	0	0	61 728	0	0	61 728
Slovenia	79 800	0	0	0	0	79 800
Spain	1 265 465	154 072	19 123	0	0	1 438 659
Sweden	57 052 683	4 314 721	3 632 359	0	0	64 999 762
Switzerland	24 545 901	0	0	0	949 023	25 494 923
Syrian Arab Republic	47 707	0	0	0	0	47 707
Thailand	40 000	0	0	0	0	40 000
Turkey	11 500 000	6 994 251	0	0	0	18 494 251
United Arab Emirates	51 800 000	2 000 000	0	0	0	53 800 000
United Kingdom of Great Britain and Northern Ireland	50 802 139	0	16 130 336	0	735 546	67 668 021
United States of America	60 000 000	0	0	0	0	60 000 000
Holy See	100 000	0	0	0	0	100 000
State of Palestine	990 090	0	0	0	0	990 090
European Union	106 627 648	1 223 503	21 226 415	0	0	129 077 566
Total	**602 601 678**	**29 744 803**	**81 979 533**	**10 000 000**	**46 301 177**	**770 627 192**

Annex II

Pledges to the Agency's programmes in 2017 (cash and in kind), by value of contribution

(United States dollar equivalent)

			Non-programme budget				
Rank	*Donor*	*Programme budget*	*Emergency appeal for the Occupied Palestinian Territory*	*Emergency appeal for the Syrian Arab Republic*	*Major repair and reconstruction in Gaza*	*Projects*	*Total*
1	United States of America	157 476 322	95 000 000	103 300 000	0	8 489 263	364 265 585
2	European Union	113 173 193	5 688 892	3 554 502	0	20 099 156	142 515 744
3	Germany	10 838 220	8 277 112	14 171 560	21 512 325	21 669 498	76 468 714
4	United Kingdom of Great Britain and Northern Ireland	49 786 455	0	16 854 581	0	373 266	67 014 302
5	Sweden	53 925 634	3 353 079	4 549 251	0	124 185	61 952 150
6	Saudi Arabia	8 075 000	0	0	0	45 200 000	53 275 000
7	Japan	23 107 032	5 200 000	3 500 000	0	11 566 305	43 373 337
8	Switzerland	26 155 072	0	0	0	1 024 695	27 179 767
9	Norway	15 009 606	0	11 303 753	0	64 531	26 377 890
10	Netherlands	20 861 262	0	0	0	326 067	21 187 329
11	Canada	15 314 961	0	4 000 000	0	433 071	19 748 031
12	Australia	15 765 959	1 860 119	0	0	0	17 626 078
13	Denmark	17 009 020	0	0	0	0	17 009 020
14	Italy	8 537 890	1 387 323	2 369 668	0	1 896 405	14 191 286
15	United Arab Emirates	12 800 001	0	0	0	0	12 800 001
16	Belgium	6 850 512	1 184 834	3 541 927	0	150 298	11 727 572
17	France	6 900 212	1 001 374	235 294	0	1 476 510	9 613 390
18	Kuwait	4 000 000	0	5 000 000	0	0	9 000 000
19	Spain	2 565 823	1 052 763	2 271 170	0	1 208 201	7 097 957
20	Turkey	2 000 000	4 633 650	0	0	100 000	6 733 650
21	Ireland	4 343 105	592 417	1 176 471	0	0	6 111 993
22	Luxembourg	6 075 594	0	0	0	0	6 075 594
23	Finland	4 802 561	0	0	0	287 796	5 090 358
24	Brazil	475 000	3 325 000	0	0	0	3 800 000
25	State of Palestine	3 690 796	0	0	0	0	3 690 796
26	Austria	2 123 059	1 184 834	0	0	0	3 307 893
27	Russian Federation	2 000 000	0	0	0	0	2 000 000
28	India	1 250 000	0	0	0	0	1 250 000
29	Qatar	1 000 000	0	0	0	0	1 000 000
30	Poland	865 999	0	0	0	0	865 999
31	South Africa	0	792 253	0	0	0	792 253
32	New Zealand	729 300	0	0	0	0	729 300
33	Republic of Korea	220 000	0	500 000	0	0	720 000
34	Oman	0	0	0	0	667 755	667 755

			Non-programme budget				
Rank	*Donor*	*Programme budget*	*Emergency appeal for the Occupied Palestinian Territory*	*Emergency appeal for the Syrian Arab Republic*	*Major repair and reconstruction in Gaza*	*Projects*	*Total*
35	Iceland	200 000	0	0	0	296 417	496 417
36	Monaco	0	0	0	0	357 159	357 159
37	Estonia	86 957	266 809	0	0	0	353 766
38	China	350 000	0	0	0	0	350 000
39	Mexico	250 000	0	0	0	0	250 000
40	Czechia	0	0	229 442	0	0	229 442
41	Lebanon	177 118	0	0	0	0	177 118
42	Portugal	138 483	0	0	0	0	138 483
43	Malaysia	120 000	0	0	0	0	120 000
44	Liechtenstein	97 561	0	0	0	0	97 561
45	Syrian Arab Republic	70 538	0	0	0	0	70 538
46	Jordan	62 865	0	0	0	0	62 865
47	Malta	59 242	0	0	0	0	59 242
48	Slovenia	0	53 362	0	0	0	53 362
49	Kazakhstan	50 000	0	0	0	0	50 000
50	Thailand	40 000	0	0	0	0	40 000
51	Slovakia	28 441	0	0	0	0	28 441
52	Argentina	25 000	0	0	0	0	25 000
53	Lithuania	23 585	0	0	0	0	23 585
54	Chile	22 500	0	0	0	0	22 500
55	Cyprus	22 400	0	0	0	0	22 400
56	Egypt	20 000	0	0	0	0	20 000
57	Pakistan	20 000	0	0	0	0	20 000
58	Ecuador	5 000	0	0	0	0	5 000
	Total	**599 597 279**	**134 853 821**	**176 557 620**	**21 512 325**	**115 810 580**	**1 048 331 624**